

SECRET

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

January 13, 1983

Mr. Maurice C. Ernst
National Intelligence Officer
for Economics
National Intelligence Council
Central Intelligence Agency
Washington, D.C. 20505

Dear Maurice:

Thank you for your memorandum of December 23 discussing the follow-up and support to the ongoing study program on East-West trade. You have indeed covered most of the crucial issues, although I would be just a bit more optimistic than you are about the prospects of nudging our allies closer to our position on how to limit trade.

In particular, I think that your list of "fundamental questions" on page 4 is quite relevant to the ongoing study process. The issues of how the Soviets respond politically to resource allocation constraints and the specific means by which economic relations with the West affect their military capabilities are of special interest.

In a separate memorandum to Henry Rowen, I am raising a number of areas -- most of them interwoven with or implied by your discussion -- where I believe CIA analysis will be central to the ongoing study process. We are grateful for your willingness to help and for the excellent work your agency has done to date.

Sincerely,

Allen Wallis

State Dept. review completed

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DECL: OADR